Maternity and Newborn Care Bundled Payment Pilot

Karen Love
Executive Vice President/COO
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Our Maternity Pilot

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- 2014 ACAP Learning Collaborative highlighted maternity as the area of highest opportunity for expense savings and quality improvements
  - 22k deliveries/year
  - $155M total annual related medical expenses
- Multi-year pilot beginning March 1, 2015
- Medicaid Membership only
- Participating Providers – UTMB and UT Physicians
- Planned Transitional/Retrospective Model:
  - Year 1 – upside only; baseline quality metrics
  - Year 2 – upside and downside risk; measure quality change
  - Year 3 – move from retrospective to prospective model

Overall Timeline

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Timeframe	Activity
May – October 2014	ACAP Bundled Payment Learning Collaborative with Bailit and HCI3
August 2014	Direct contract with HCI3 for pilot implementation assistance
January 2015	First meetings with Provider groups
January – February 2015	Contract negotiation and quality scorecard development
March 2015 – February 2016	Pilot Year 1
March 2015 – February 2016	Year 1 Reconciliation and Data Review
October 2016 – September 2017	Pilot Year 2
October 2017 – April 2018	Year 2 Reconciliation and Data Review
October 2018 – September 2019	Year 3 of program

Creating Patient Specific Budgets – Year 1

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- Patient specific budgets are based on the historical average costs and are adjusted based on “risk factors”
- Patient Risk Factors include:
  - Patient demographics – age, gender
  - Patient comorbidities - mostly diagnosis code-based (very few procedures)
  - Clinical severity markers (derived from episode specific risk categories, e.g. gestational diabetes, multiple gestation, etc.)
  - Collected from claims data and clinical records
  - Neonatal costs are not risk adjusted
- Timing of Risk Factors
  - Risk factors are mostly ex-ante (historic); not concurrent
  - Clinical severity markers (subtypes) are pulled from the trigger claims, the look-back time window, and medical record data

Maternity and Newborn Episode

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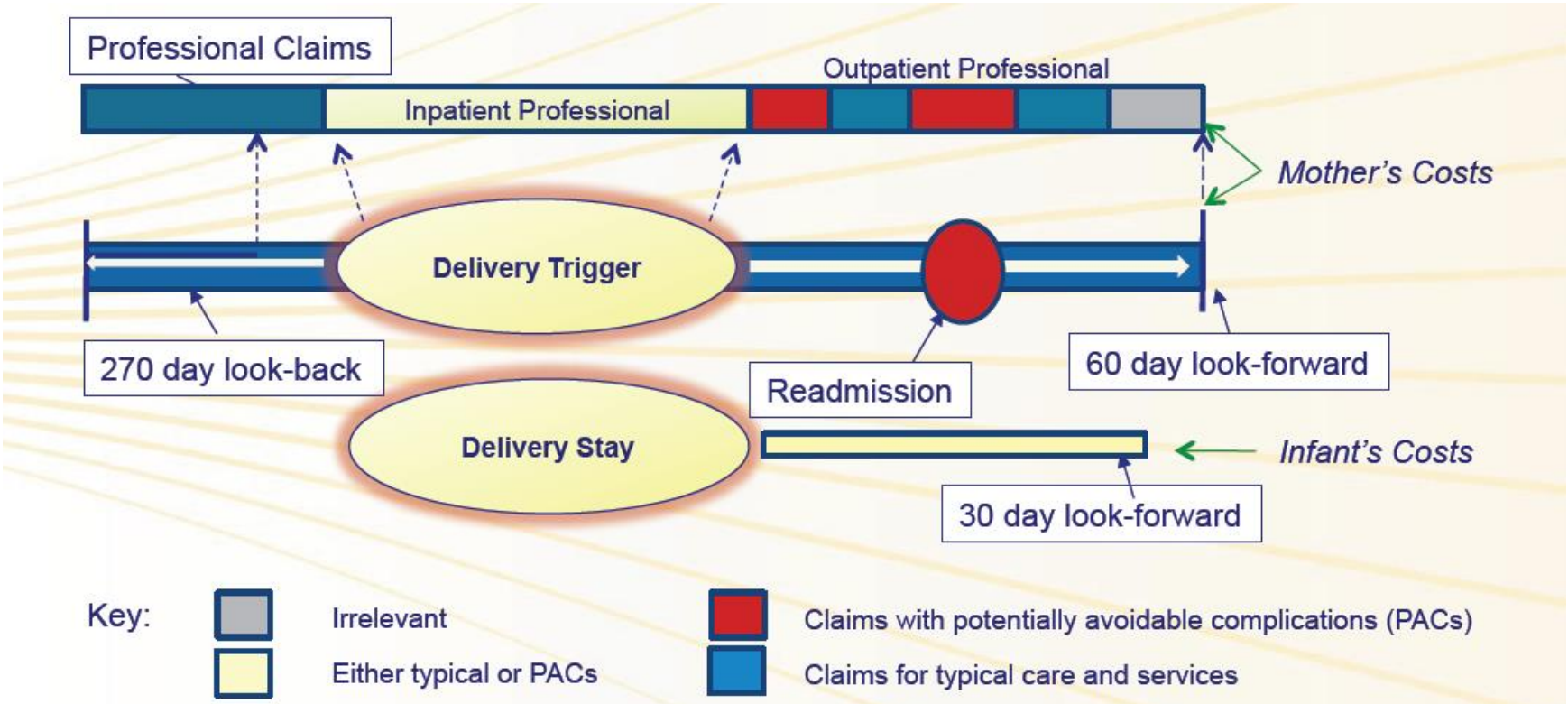
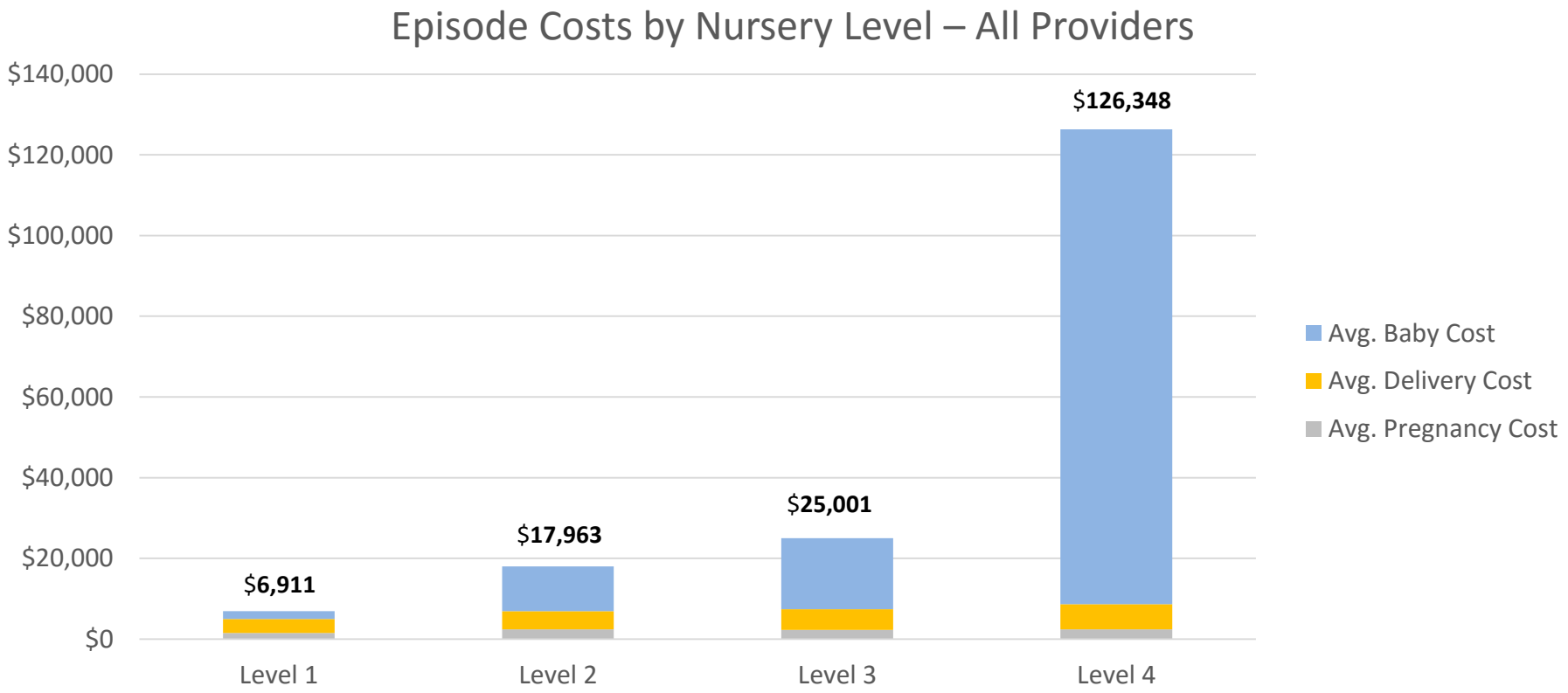


- *Episode is triggered by delivery*
- *Services for the Mother are evaluated as typical (e.g. ultrasound, anesthesia, office visits, etc.) or complications (obstetrical trauma, fetal distress, c-section in low risk pregnancy, etc.)*

Why Exclude Nursery Level 4 Episodes?



	Level 1	Level 2	Level 3	Level 4	All
Baby LOS	**2**	**9**	**12**	**38**	**5**
# of deliveries	**21,996**	**1,315**	**1,845**	**985**	**26,141**
% of deliveries	**84%**	**5%**	**8%**	**4%**	**100%**

Average Expected Episode Budget (Blended Deliveries) ~ $8,952*

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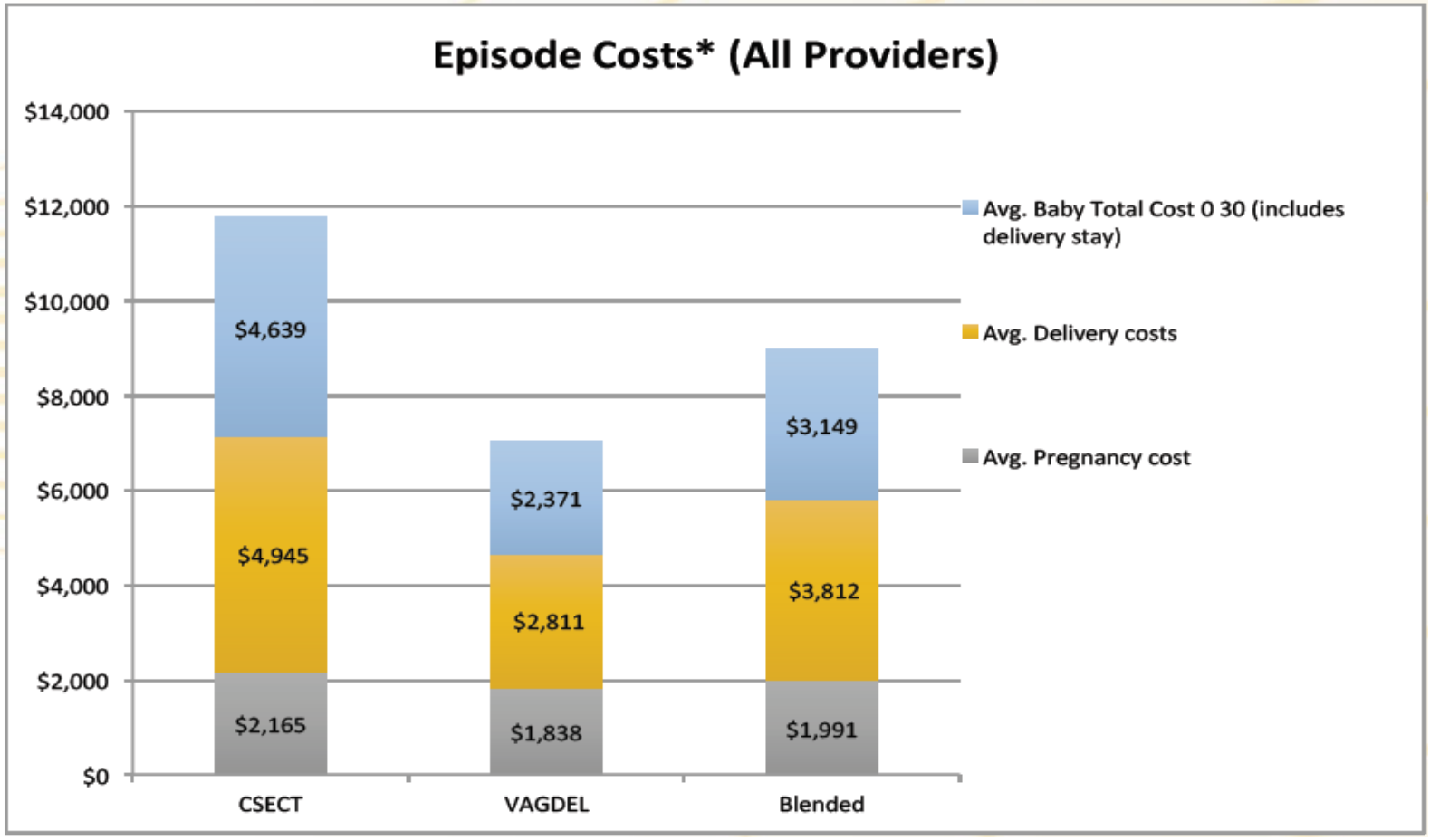
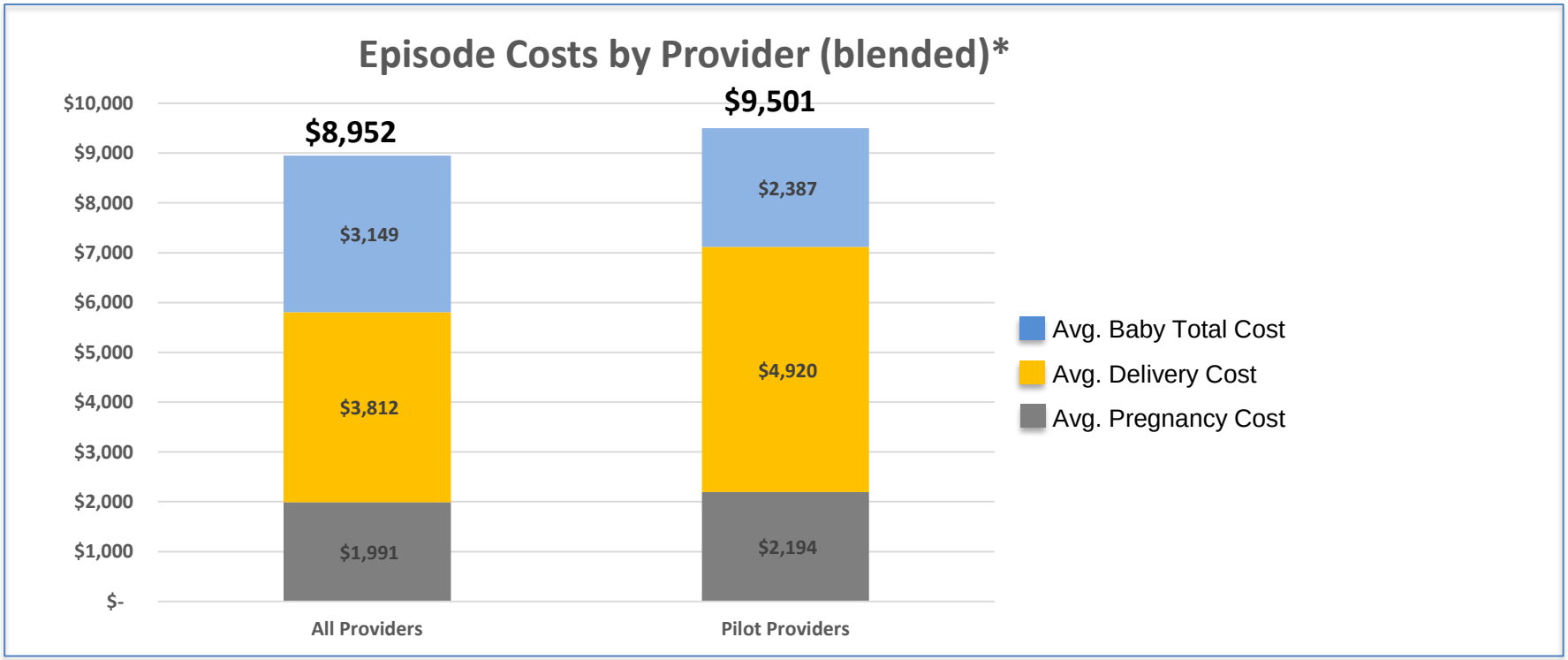


Pilot Provider Costs Slightly Higher than Average Overall



	All Providers	Sample Providers
Number of Episodes	13,000	1,000
Percent of Episodes	100%	8%

* Pregnancy and Delivery costs for all deliveries; Neonate codes exclude level 4 nursey

Opportunities for Margin Under Bundled Approach

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- Opportunity for shared savings can come from:
  - Reducing C-Section rate
  - Reducing neonate length of stay
  - Reducing Potentially Avoidable Complications (PACs) for moms' during pregnancy and delivery
  - Reducing post-discharge hospitalizations for the infants (measured w/i 30 days post discharge)
- In total, opportunity for margin under bundled approach is estimated at more than $1 million for each group

Process Flow

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- Providers identify eligible patients upon delivery (mothers and babies)
- Traditional FFS claims paid per underlying contract
- Preliminary patient budgets are created
- Providers submit initial quality data for identified patients
- Community submits updated claims data on regular basis
- Ongoing reconciliation of patient lists
- Quarterly provider meetings on financial and quality results
- Final budgets are created at completion of episode; Reconciliation occurs at end of each pilot year

Quality Scorecard – Full Term Births

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Term Babies	GA>or equal to 37 completed weeks	
Pre-natal Care	Prenatal gestational diabetic screening	10
Delivery Care	% of early elective deliveries prior to full gestation	15
	Primary C-section rate	13
	% of eligible patients who receive intra-partum antibiotic prophylaxis for GBS and/or Antenatal Steroids	5
	Obstetric trauma w/ instrument	5
	Obstetric trauma w/o instrument	7
	Vaginal delivery w/ episiotomy	5
Postpartum Care	Postnatal Care Visit (HEDIS)	12.5
	BP Monitoring	2.5
	Post-partum depression screening	2.5
	Post-partum fasting glucose testing	2.5
Newborn	% of babies who were exclusively breast fed during stay	10
	% of babies receiving Hep B vaccine prior to discharge	10
	Total Points	***100***

Quality Scorecard – Pre-Term Births

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Term Babies	GA>or equal to 37 completed weeks	
Pre-natal Care	Prenatal gestational diabetic screening	10
	Antenatal steroids administered for at risk patients	10
Delivery Care	% of eligible patients who receive intra-partum antibiotic prophylaxis for GBS and/or Antenatal Steroids	20
	Obstetric trauma w/ instrument	10
	Obstetric trauma w/o instrument	5
	Vaginal delivery w/ episiotomy	5
Postpartum Care	Postnatal Care Visit (HEDIS)	12.5
	BP Monitoring	2.5
	Post-partum depression screening	2.5
	Post-partum fasting glucose testing	2.5
Newborn	Babies receiving Hep B vaccine prior to discharge	5
	Blood stream infection prior to discharge	5
	Newborn sepsis or meningitis	5
	Newborns screened for retinopathy of prematurity	5
	Total Points	***100***

Key Year 1 Takeaway

- Nursery level determination may be less objective than previously thought and may not be best indicator of ultimate cost
  - Significant differences in level distribution across providers and over time
  - Correlations of LBW and/or preterm with nursery level is uneven
  - Birth defects can be costly but are not necessarily dealt with in Level 4 nursery.
- Recommendation: to protect both provider (from extreme outlier episodes) and plan (from arbitrary placement), keep all babies in but use stop loss aimed at true outliers

Measuring Success

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- Little provider change in behavior/practice during Year 1
- Delayed Year 2 start so that providers could have fuller understanding of changes they could implement
- Year 1 quality results set baseline for many metrics we did not have visibility into previously; expect quality metrics improvement in Year 2
- Case study commitment

Year 2 Transition

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- Year 2 included upside and downside risk, tempered by quality improvements/declines

% Share in Loss (over budget)	Change in Score (PPT)	% Share in Gain (under budget)
. . . 0.50	. . . -0.20	. . . 0.0
0.45	-0.05	0.35
0.40	0	0.45
0.35	0.05	0.55
. . . 0.25	. . . 0.20	. . . 0.75

Financial Results

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	UT Physicians		UTMB	
	Year 1	Year 2	Year 1	Year 2
Delivery Budget	**7% favorable**	**0.4% favorable**	**12% unfavorable**	**2.4% favorable**
Newborn Budget	**10% favorable**	**3.3% favorable**	**100% unfavorable**	**9.8% favorable**
Pregnancy Budget	**7% unfavorable**	**14.4% unfavorable**	**2% favorable**	**4.5% unfavorable**
Total Budget	**5% favorable**	**0.8% unfavorable**	**33% unfavorable**	**3.4% favorable**

Quality Results

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	UT Physicians		UTMB	
	Year 1	Year 2	Year 1	Year 2
Prenatal	90%	88%	47%	71%
Delivery	67%	71%	80%	96%
Post-Partum	83%	74%	71%	74%
Newborn	60%	72%	76%	82%
All (preterm and full term weighted average)	72.5%	72.9%	67.3%	78.5%

Year 3

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- Scheduled to begin October 2017
  - Refreshing claims data for new budgets
- Single scorecard for both Providers
  - Based on new Bridges to Excellence Maternity Program metrics
  - Supplemented with separate Newborn metrics (Hep B Screening and Retinopathy of Prematurity)
- Continue with retrospective gain/risk sharing based on quality performance year over year
- Focus on Potentially Avoidable Complications
- Potential to add two OB provider groups

BTE Maternity Program Metrics

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Prenatal	• Frequency of Prenatal and Postpartum Visits • Risk-Appropriate Screening During Pre-Natal Care Visits • Genetic Carrier Screenings • Prenatal Immunizations • Performed Ultrasound at 18-22 Weeks of Pregnancy • Optimal Antenatal Corticosteroid Administration • Low-dose Aspirin for Prevention of Pre-eclampsia • Prenatal Drug/Alcohol Screening (optional) • Interpersonal Violence (optional)
Delivery	• Antibiotic Prophylaxis if GBS • VBAC Consent • NTSV Rates • VLBW Babies Managed in NICU Level 3 or 4
Post-Partum	• Postpartum Depression Screening

Questions & Answers

Contact Information:
Karen Love
713.295.5195
karen.love@communityhealthchoice.org